

Report of: General Manager Fleet Maintenance

Report to: Chief Officer – Civic Enterprise Leeds

Date: May 2017

Subject: Report requesting the authority to start a procurement exercise for the supply of Vehicle Parts to Leeds City Council Fleet Services.

Are specific electoral Wards affected?	No
If relevant, name(s) of Ward(s):	
Are there implications for equality and diversity and cohesion and integration?	No
Is the decision eligible for Call-In?	No
Does the report contain confidential or exempt information?	No
If relevant, Access to Information Procedure Rule number: Appendix number:	

Summary of main issues

1. The purpose of this report is to seek approval to commence a new procurement exercise for the supply of vehicle parts to Leeds City Council Fleet Services.
2. The current contract was awarded on the 17th March 2014 for a period of three years with a further one year available by way of extension the twelve month extension was utilised with the current contract expiring on the 31st January 2018.
3. Procuring a new contract will ensure that the supply of vehicle parts for Council vehicles are procured at the best possible price by testing the market.
4. If a new procurement exercise is not undertaken, then either the vehicle parts required cannot be purchased, or significant revenue spend will be incurred off contract.
5. The value of the current arrangement is estimated at £190k per annum.

Recommendations

The Chief Officer Civic Enterprise Leeds is recommended to approve the commencement of a procurement exercise in order to secure a contract for the supply of vehicle parts. The contract will start on 31st January 2018 and be for a period of 3 years, with an option to extend for up to 12 months.

1 Purpose of this report

- 1.1 This report details the reasons why a contract for the supply of vehicle parts is required. The purpose of this report is to seek approval to commence a procurement exercise, which will see the award of a contract for this supply. The contract will be for 3 years, with an option to extend for up to 12 months.

2 Background information

- 2.1 The current contract expires on the 1st February 2018.
- 2.2 A contract for the supply of vehicle parts is required to provide repairs to both light and heavy Leeds City Council vehicles which support key Council services including Passenger Services, Refuse Collection and Highways. Not to have a contract in place will mean either reduced vehicle availability for services, or significant expenditure will be incurred off contract this could in turn effect Fleet Services support of the authority in its services and statutory duties.
- 2.3 The current contract has been in place since March 2014 and has proved to be an effective means of providing vehicle parts.
- 2.4 From the experience of using the contract for the last 4 years it has proven to be successful in delivering vehicle parts whilst providing value for money having seen spend reduce from 200K per annum to 190K per annum despite increases in raw material prices.

3. Main issues

- 3.1 The existing contract for the supply of vehicle parts expires on the 1st February 2018.
- 3.2 The existing contract was based on a 70/30 price quality split; the contract was let over three Lots, Lot 1 for mechanical parts, Lot 2 for electrical parts and batteries and Lot 3 for consumable items. Lot 1 was awarded to S&W Services, Lot 2 and 3 to North East Parts Solutions.
- 3.3 The introduction of the 4 year contract has seen spending reduce from 200K in 10/11 to 190K in 15/16 a reduction of 5% at a time when raw material prices have been rising. This has contributed to the authorities' savings agenda given the reduction in council grants from central government.
- 3.4 If a new procurement exercise is not undertaken vehicle availability to key services would be reduced or significant expenditure will be incurred off contract.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 It is not considered that the content of this report or the recommendation made will have a significant impact on any particular ward or community.
- 4.1.2 Consultation has taken place with key services and service providers and will continue throughout the process.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration screening form has been completed. There is no adverse impact to service users or the wider community.

4.3 Council Policies and City Priorities

- 4.3.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such the contract for the supply and fitting of hydraulic hoses will be procured in line with Leeds City Councils Procurement Units policies and procedures.
- 4.3.2 Evidence of added social value will be considered and this will be developed as part of the tender process.

4.4 Resources and value for money

- 4.4.1 Any contract entered into as a result of the procurement exercise will be used for the supply of vehicle parts. This forms an essential element in maintaining vehicles to key services that support delivery of Leeds City Council services.
- 4.4.2 Any contract entered into as a result of the procurement exercise will be regularly reviewed by monitoring market conditions and trading indices to ensure continuing value for money.
- 4.4.3 Resources are available from both CEL and Project, Programmes & Procurement Unit to meet the requirements of a tender exercise in order to award a contract for the supply of vehicle parts.
- 4.4.4 There are no additional resource implications once a contract for the supply of vehicle parts is awarded.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The Chief Officer is authorised to make this decision to commence the procurement process.
- 4.5.2 Advice regarding any procurement exercise, including terms and conditions of contract/arrangement, will be obtained from the Project, Programmes &

Procurement Unit to ensure council governance is met, and fair competition is observed.

4.5.3 The value of spend on the contract is approximately 190K per annum (3 years plus one extension for up to 12 months) is estimated at £570k (increased to £760k if the extension is taken up). This is a significant operational decision, and is not subject to call in.

4.6 Risk Management

4.6.1 There is no particular risk in approving the commencement of a procurement exercise.

5 Conclusions

5.1 The current contract for the supply of vehicle parts has ensured a reliable supply chain for vehicle parts whilst providing value for money with financial savings and reduced administration costs.

5.2 Not to commence a procurement exercise to award a contract for the supply of vehicle parts, will mean either vehicle parts cannot be provided, or purchases to provide vehicle parts will be made off contract. A tendered contract would put the requirement on a firm contractual footing without such a contract in place council services could be seriously affected if vehicles are unavailable or inoperable.

6 Recommendations

The Chief Officer Civic Enterprise Leeds is recommended to approve the commencement of a procurement exercise in order to secure a contract for the supply of vehicle parts. The contract will have an annual spend value of £190k, start on 1st February 2018 and be for a period of 3 years, with an option to extend for up to 12 months.

7 Background documents

None